

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

FILED

FEB 19 2001

CLERK'S OFFICE
U. S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
BALTIMORE

In re:

FRANK'S NURSERY & CRAFTS, INC.,

Debtor.

Tax I.D. No. 38-1561374

* * * * *

Case No. 01-52415-JS
(Chapter 11)

In re:

FNC HOLDINGS, INC.,

Debtor.

Tax I.D. No. 13-0762080

* * * * *

**DEBTORS' MOTION FOR ORDER
DIRECTING JOINT ADMINISTRATION**

Frank's Nursery & Crafts, Inc. ("Frank's") and FNC Holdings, Inc. ("FNC"), the debtors and debtors in possession herein (collectively, the "Debtors"), by counsel, file this Motion for Order Directing Joint Administration (the "Motion"), and in support thereof state:

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue lies properly in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157.

2. The relief sought with this Motion is based upon section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq. (the "Bankruptcy Code") and Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

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The Chapter 11 Cases

3. On the date hereof (the "Petition Date"), each of the debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue in possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. By this motion submitted to the Court, the Debtors seek entry of an order of this Court authorizing the procedural consolidation and joint administration of these cases.

The Debtors and Their Business Operations

5. Frank's, founded in 1949, operates the largest United States chain (as measured by sales) of specialty retail stores devoted to the sales of lawn and garden products. Lawn and garden products include green and flowering plants for outdoor and indoor usage, live landscape products such as trees and shrubs, fertilizers, seeds, bulbs, gardening tools and accessories, planters, watering equipment, garden statuary and furniture, wild bird food and feeders, mulches and specialty soils. Frank's also is a leading retailer of Christmas Trim-A-Tree merchandise, artificial flowers and arrangements, garden and floral crafts, and home decorative products. FNC (formerly known as General Host Corporation) is the sole shareholder of Frank's.

6. As of February 9, 2001, Frank's operated 217 retail stores in 15 states, primarily in the Mid-Atlantic, Midwest and Northeast. At that time, an additional 44 stores were being closed as part of a previously announced plan to sell under-performing store locations. In its fiscal year ending January 28, 2001, Frank's had sales of approximately \$435 million. Currently, the Debtors employ approximately 1,900 full-time and 5,000 part-time employees. As of November 5, 2000, the Debtors had total assets of approximately \$471.9 million and total debt of approximately \$338 million.

7. The Debtors' sales are seasonal. The lawn and garden revenues are concentrated principally in the Spring and, to a lesser extent, in the Fall. The Trim-A-Tree sales occur between Thanksgiving and Christmas.

8. During most of the first half of 2000, weather patterns negatively impacted lawn and garden product sales across the Debtors' principal markets. During the third quarter of 2000, the Debtors decided to close 44 under-performing stores, liquidate their inventories, and sell the closed stores owned by the Debtors. Later in 2000 it became apparent that the Debtors' Trim-A-Tree holiday season sales were below expectations, which was consistent with the general softness in sales at retailers during this period.

9. In 2001, notwithstanding excess borrowing availability under their existing bank credit facilities, the Debtors were unable to draw down sufficient funding to meet the Debtors' working capital needs because the Prepetition Lenders asserted that various conditions to borrowing had not been met. (The Prepetition Lenders, however, did provide limited funding subject to various conditions.) Also, in the relatively short period since access to their credit facilities had been curtailed, the Debtors were unable to secure additional funding to meet those working capital needs. Ultimately, the Debtors determined the most appropriate method to obtain such financing and achieve their restructuring objectives was through chapter 11 filings.

Request For Joint Administration

10. By this Motion, the Debtors request entry of an order directing the joint administration of these cases under section 105(a) of the Bankruptcy Code and Rule 1015(b) of the Bankruptcy Rules, which authorize entry of an order for the joint administration of the estates of a debtor and its affiliates. As discussed above, FNC is the parent of Frank's. Accordingly, the

Debtors are “affiliates” as that term is defined in section 101(2) of the Bankruptcy Code and each of the Debtors’ estates are eligible for joint administration.

11. The Debtors respectfully submit that joint administration of these cases would be practical, expedient, less costly and time-consuming for the Debtors, the Court and all parties-in-interest. The Debtors envision that most, if not all, of the motions, applications, hearings and orders in these cases will affect each of the Debtors. Consequently, joint administration would facilitate the economic administration of these cases.

12. For these reasons, the Debtors respectfully request entry of an Order providing for the joint administration of the Debtors’ cases under Federal Rule of Bankruptcy Procedure 1015(b).

13. The Debtors believe that no party-in-interest would be prejudiced by the granting of the relief requested herein. No substantive rights of any party-in-interest will be affected, as these cases will be jointly administered for procedural purposes only.

Conclusion

WHEREFORE, the Debtors respectfully request entry of the order of this Court substantially in the form annexed hereto, directing the joint administration of these chapter 11 cases and such other and further relief as this Court deems just and proper.

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CERTIFICATE OF SERVICE

I certify that on this 19th day of February, 2001, a copy of the foregoing pleading was sent by the means indicated and to the parties identified on the Omnibus Certificate of Service filed concurrently with this pleading. In order to expedite the copying and transmittal of pleadings to parties in interest, a copy of the Omnibus Certificate of Service was not transmitted with the pleading. Any party desiring a copy of the Omnibus Certificate of Service may contact the undersigned or may review the original at the Clerk's Office.


Martin T. Fletcher